

THE WHITE HOUSE  
WASHINGTON



MEMORANDUM OF CONVERSATION

PARTICIPANTS: The President  
Dr. John Hannah, Director General of the  
World Food Council  
Earl L. Butz, Secretary of Agriculture  
L. William Seidman, Assistant to the President  
for Economic Affairs  
James Cannon, Assistant to the President for  
Domestic Affairs  
Robert Hormats, Deputy for International Economic  
Affairs, National Security Council

DATE, TIME, AND PLACE: April 21, 1975, 12:45 p.m.  
Oval Office

SUBJECT: International Agricultural Development Fund

The President: It is good to see you again. It is always good to get together with you.

Dr. Hannah: I am very pleased to have a chance to meet with you. I have been involved in a lot of things since we last talked.

The President: Where are you these days?

Dr. Hannah: I have spent most of my time in Rome, but I have gotten up to Michigan; as you know, I have a farm in northern Michigan.

The President: Yes, I know you spend some time up there.

Dr. Hannah: Well, I have a big story to tell and I want to tell it as concisely as possible.

The World Food Conference brought together governments of every significant country. One hundred and thirty-three countries--developing countries, less developed countries, communist and non-communist. In 10 days they had

reached general agreement on what the world should do to help feed needy people, particularly those of the poorest countries. There were 16 resolutions passed. Most dealt with how to increase food production and how to provide food to countries with food deficits.

With the rate of increase in population as it is at present, food production must increase about 25 million tons a year but it has not. In 1973 and 1974, per capita food production was less than in 1960. In 1985, unless birth rates decline, the sum of the food gaps in importing countries will be between 85 and 100 million tons.

Other countries may produce this much or close to it, but it is difficult to move food to food deficit areas. Two years ago we sold grains to the Soviet Union and China--about 20 million tons--but it was physically difficult to transfer the food.

Well, at the end of the Conference, two things were agreed on. Everyone agreed on the importance of increasing food production, especially in deficit countries. And they agreed that it was essential to increase food security to help victims of natural disaster. They agreed on 10 million tons per year for three years. I was able to get international agreement to provide these amounts. That has not been difficult. But people are also concerned with future food reserves. We definitely need to establish a food reserve scheme and (turning to Secretary Butz) we should not get lost in arguments about who controls it. At the same time, I recognize that we need incentives to maintain production in the US.

The last part of the recommendation was to establish a mechanism for initiating, monitoring, and coordinating to get countries and the UN to implement other recommendations of the Conference.

The President: This is the Council?

Dr. Hannah: Yes, I am the Executive Director. We will have a meeting on May 5 and 6.

The President: How many members are on the Council?

Dr. Hannah: Thirty-six. That is too many, but we needed an appropriate balance from Latin America, Africa and Asia, developed countries and less developed countries. Members are chosen by the countries whom they represent--Africa, 9; Asia, 7; Latin America, 7; western countries, 9; and communist countries 2 or 3. All the big food exporters are in it except the PRC.

Food aid in emergencies is not hard. I have the contributions. But the other significant recommendation, suggested by OPEC, is the international agricultural development fund. It was agreed that the UN Secretary General should call a meeting of representatives from the developed and developing countries with proper regional balance to find out whether a fund could be established. He first turned to the 36 countries in the Council. He asked McNamara, Peterson, and others to set the fund up. But no one wanted the job. The Secretary General is now doing it himself.

At the time of the World Food Conference, the US had no interest in the IADF; but it went along if OPEC would provide the funds. Originally 11 OPEC countries supported the idea and only 3 DAC countries. The Secretary General has agreed to a special conference on May 5-6 in Geneva to see if there is adequate support. I have tried to find out whether OPEC still supports this. I did so by sending them letters to find out whether May 5-6 were good days for a conference. This was an opening to determine the interest of OPEC. All said they were still interested. I want to get OPEC to provide 50% of the funds--the total will be \$1 billion per year for three years and they will provide half of it. Most of the aid will go to the very poorest countries.

The May meeting will talk about whether or not it is feasible to establish this fund. Actually, it is not a fund since we don't need a new fund. Countries which put in the money should have a say on where it goes. They will be a Board of 1/3 OPEC, 1/3 developing countries, 1/3 developed countries. This is the OPEC formula. At the meeting 61 countries will be involved--18 western countries, 15 OPEC, 6 communist, and 22 LDC's.

We want to investigate whether it is feasible. However, we know we will not be able to get more money for a special fund. The money will be channeled bilaterally. I know Passman feels strongly about this and so do most other countries including the Saudis. The fund will actually consist of aid provided bilaterally. Anything above the assistance to food and agriculture development provided in 1974 will count toward a country's contribution, but the money will not be put into a fund but go through bilateral channels.

I am talking about \$1 billion per year and I want it to go into effect on January 1, 1976. Countries will agree to a program of three years. The fund will become operational when there are 6 OPEC and 6 DAC countries with a total pledge of 1 billion SDR's over three years.

Why is this important? For the first 175 years of our 200-year history, the US was seen as a friend of poor countries. But we have lost this. There are not going to be many chances. Five months after the food conference is

over, the world is still looking for ways to help meet food needs of poor countries. The only people who appear really tough are western nations. The US has to do its fair share.

In the least favorable sharing basis, the US would provide 38, 39, or 40% of the \$500 million contribution from DAC countries, or approximately \$200 million per year for increasing production of food and agriculture.

This entity is a coordinating enterprise. The money can be directed bilaterally as Passman talks about.

Basically, Mr. President, the US needs a coordinated policy on international economic issues. The Development Coordinating Committee was put together while I was still at AID. It can be a very important factor in coordinating development assistance.

Secretary Butz: We want to identify the US contribution as a US contribution.

Dr. Hannah: Yes. The contributions will be bilateral but fit into a multi-lateral framework. There will be no funds for countries who do not make decisions to help themselves. The primary emphasis will be on food aid for poor countries, but they will have to do something to help themselves. At the May meeting, I do not need a US pledge except that I would like the US to say that it will do its "fair share." Between May and October, we will work further in setting up the fund. In the interim, we will try to get other countries to commit themselves, but no formal commitment will be needed until October.

The President: But if OPEC doesn't put up all of its money, ours will be less?

Dr. Hannah: That is right, Mr. President.

The President: What is the possibility of funding?

Mr. Hormats: The US has increased its funding for agricultural development from \$306 million in FY 74 to \$476 million in FY 75--\$170 million. Plans are to increase it further to \$679 million in FY 76, but this depends heavily on Congressional appropriations. The action taken by the Congress on the present aid bill, cutting this category from \$546 million to \$300 million is a negative sign. But it is likely that we will have a \$200million increase above 1974 levels.

Mr. Cannon: My concern, Mr. President, is that after you veto the agriculture bill, this sort of assistance to farmers in developing countries might be criticized.

Secretary Butz: Yes, but the money is being appropriated anyhow. This is not really a new program.

Dr. Hannah: Yes, you should be able to make the \$200 million figure.

The President: It would be helpful if you could testify before Otto.

Dr. Hannah: If that is what it takes, Mr. President, I would be delighted.

The President: Basically, this idea makes sense. I think that it is feasible in the Congress and that it can be sold in this country.

Tell me when the meetings are again--May 5 and 6 in Geneva.

Dr. Hannah: And another meeting on the 25th of June. The whole idea for this World Food Conference came from the Declaration of the group of 77 in Algiers and Kissinger's UN speech. The US needs to establish a basis of support in the Third World. We cannot afford to alienate them now.

The President (to Hormats): Will you tell Henry about this and indicate that he may want to use this in his food speech. I understand he wants to give that but has not decided where.

Mr. Seidman: Yes, he wants to give a food speech but I don't think he has set the place yet.

The President (to Hormats): Okay. This can be something he can use in his speech.

Mr. Hannah: Well, Mr. President, thank you very much. I am glad to have the chance to discuss this with you and I think there are some important benefits for the US in this plan.